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Message Text

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ORIGIN NEA-10

INFO OCT-01 ISO-00 (ISO) R

66011
DRAFTED BY:NEA/ARP:FHGERLACH
APPROVED BY:NEA/ARP:JWTWINHAM
----------036908 240156Z /63
R 231340Z APR 78
FM SECSTATE WASHDC
TO COLLINS INTERNATIONAL LTD TELEX 666475
COLLINS TUC TELEPHONE 602 327-5962

UNCLAS STATE 103732

FOLLOWING REPEAT DHAHRAN 00514 ACTION SECSTATE
JIDDA USLO RIYADH APR 20

QUOTE UNCLAS DHAHRAN 0514

E.O. 11652: N/A
TAGS: BDIS, US, SA
SUBJECT: COLLINS DISPUTE

REF: STATE 099595

1. SENATOR DE CONCINI INTERESTED.

2. ON 19 APRIL CONSUL GENERAL AND CONSOFFS MET
WITH MR. HOHN S. COLLINS, MR. CHARLES EMMONS, AND MR. BRUCE WILSON
OF COLLINS INT'L LTD. AT THAT MEETING, MR. COLLINS AND HIS
ASSOCIATES INFORMED CONSULATE PERSONNEL FOR THE FIRST TIME OF
THEIR LONG STANDING DISPUTE WITH THEIR SAUDI JOINT VENTURE
PARTNER, MR. AHMAD OMAR ALI.

2. FOR THE PAST SEVERAL MONTHS MR.
COLLINS AND HIS COMPANY HAVE BEEN ATTEMPTING TO EXTRICATE THEM-
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SELVES FROM THEIR BUSINESS RELATIONSHIP WITH MR. ALI WHICH CONSISTED
OF TWO SEPARATE ENTERPRISES, ONE A DEALERSHIP AND THE OTHER A
CONTRACTING COMPANY. DURING THE MONTHS OF BARGAINING TO FIRM UP
THESE COMPANIES, COLLINS INT'L HAS MADE A CONSIDERABLE CAPITAL
INVESTIMENT WHICH HAS NOT BEEN MATCHED BY MR. ALI. UNDER MR. ALI'S
SPONSORSHIP COLLINS INT'L BEGAN OPERATIONS HERE ON SEVERAL
PROJECTS. THE COLLINS-ALI JOINT VENTURE APPLIED FOR BUT DID NOT

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RECEIVE OFFICIAL REGISTRATION WITH SAG. NOW THAT THE DISSOLUTION OF THE JOINT VENTURE IS IMMINENT, IF NOT A PRESENT REALITY, MR. ALI HAS LODGED CRMINAL CHARGES AGAINST THESE THREE AMERICAN OFFICERS OF COLLINS CLAIMING THAT THE GROSS RECEIPTS OF BOTH BUSINESSES (NOW SOME 5 MILLION SAUDI RIALS) HAVE BEEN WRONGFULLY APPROPRIATED BY COLLINS INT'L. MR. ALI'S CONTENTION IS BASED ON THE FACT THAT COLLINS HAS AT NO TIME BEEN A LEGALLY REGISTERED COMPANY HERE AND THAT ALL SALES AND CONTRACT RECEITPS SHOULD RIGHTFULLY HAVE GONE TO MR. ALI'S PRIVATE FIRM, ALTHOUGH ALI HAS MADE LITTLE OR NO CAPTIAL INVESTMENT IN EITHER ENTERPRISE.

3. WHILE PRESENT INFORMATION INDICATES THAT THESE CRIMINAL CHARGES WILL BE DISMISSED BY LOCAL POLICE, THE PASSPORTS OF ALLTHREE MEN ARE BEING HELD PENDING CONCLUSION OF THE POLICE INVESTIGATION INITIATED 12 APRIL. NONE OF THE THREE AMICTS HAS BEEN INCARCERATED AT ANY TIME, BECAUSE OF A 5 MILLION RIAL BOND POSTED ON THEIR BEHALF BY A PROSPECTIVE SAUDI JOINT VENTURE PARTNER. ALTHOUGH COLLINS INT'L HAS BEEN ANXIOUS TO PLACE THE ENTIRE MATTER BEFORE THE LOCAL TRIBUNAL FOR THE SETTLEMENT OF COMMERCIAL DISPUTES. MR. ALI HAS SYSTEMATICALLY DELAYED THE SETTING OF A DATE FOR HEARINGS. UNTIL THIS DISPUTE CAN BE SETTLED, EITHER WITHIN THE FRAMEWORK OF THE LOCAL TRIBUNAL OR PRIVATELY, COLLINS INT'L WILL NOT BE ALLOWED TO CONDUCT ANY BUSINESS OR OPERATIONS LOCALLY AS THEY LACK LEGAL REGISTRATION OR SPONSORSHIP.

4. CONGEN IS MAKING EVERY EFFORT TO OBTAIN EARLIEST POSSIBLE HEARING
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DATE FOR COMMERCIAL DISPUTE BEFORE LOCAL REPS OF SAG MINISTRY OF COMMERCE. BECAUSE THE CRIMINAL CHARGES BROUGHT AGAINST THE MEN SEEMLORE APPROPRIATELY CONSIDERED A CIVIL COMPLAINT, POST ALSO PLANS TO EXPEDITE POLICE DISPOSITION OF THE CASE AND REFERRAL TO LOCAL COMMERCIAL TRIBUNAL. ON 22 APRIL CONSUL GENERAL HAS MEETING SCHEDULED WITH EMIR OF EASTERN PROVINCE ON AN UNRELATED MATTER, BUT PLANS TO ALSO LAY CASE BEFORE THE EMIR TO URGE THE SWIFTEST POSSIBLE RESOLUTION. POST WILL ADVISE OF ALL SIGNIFICANT DEVELOPMENTS.
BUSHNELL. UNQUOTE CHRISTOPHER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 23 apr 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 jan 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978STATE103732
Document Source: CORE
Document Unique ID: 00
Drafter: NEA/ARP:FHGERLACH
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780173-1229
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780426/aaaaavxw.tel
Line Count: 104
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 85e0c9a8-c288-dd11-92da-001cc4696bcc
Office: ORIGIN NEA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 78 STATE 99595
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 29 mar 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2876302
Secure: OPEN
Status: NATIVE
Subject: COLLINS DISPUTE
TAGS: BDIS, US, SA
To: COLLINS INTERNATIONAL
Type: TE
vdkvgwkey: odbc://SAS/SAS.dbo.SAS_Docs/85e0c9a8-c288-dd11-92da-001cc4696bcc
Review Markings:
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